

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|-----------------|
| THE APPLICATION OF HILLVIEW SEWER |) | |
| PLANT #3, INC. FOR APPROVAL TO ISSUE |) | |
| INDEBTEDNESS TO PURCHASE THE PLANT AND |) | CASE NO. 94-311 |
| THE INSTALLATION OF A FINAL SETTLING |) | |
| COLLECTOR CHAIN |) | |

O R D E R

Hillview Sewer Plant #3, Inc. ("Hillview Sewer") has applied for authorization to borrow \$105,500 from Liberty National Bank and Trust Company to purchase the assets of Hillview Sewage Plant #3, Inc. ("Hillview Sewage") and to construct a final settling collector chain.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Hillview Sewer has entered into an agreement with the Liberty National Bank and Trust Company to borrow \$105,500. This amount is to be repaid over 60 months. Interest on this loan will be at either a fixed rate of 9.5 percent per annum or a variable rate which is currently 8.25 percent per annum.

2. Hillview Sewer has pledged as security for the loan a security interest in the business assets of Hillview Sewage Plant #3.

3. Hillview Sewer proposes to use approximately \$95,500 of the loan proceeds to purchase the assets of Hillview Sewage. These assets include the sewage treatment plant facility which Hillview Sewage currently owns. The remaining proceeds will be used to

purchase a final settling collector chain for that sewage treatment plant.

4. Hillview Sewer has not applied for a certificate of public convenience and necessity to construct the final settling collector chain.

5. As to that portion of the loan which will be used to finance the purchase of the sewage treatment facility, the assumption of indebtedness for which Hillview Sewer seeks approval is not necessary for or consistent with the proper performance of utility service. The loan proceeds will facilitate merely a change in utility ownership and are not for any use associated with the provision of utility service.

6. As Hillview Sewer has neither applied for a certificate of public convenience and necessity nor presented any evidence on the need for the final settling collector chain, there is insufficient evidence to determine whether that portion of the loan proceeds which are to be used to finance the purchase of that equipment is necessary for or consistent with the proper performance of utility service.

IT IS THEREFORE ORDERED that Hillview Sewer's application for authorization to borrow \$105,500 from Liberty National Bank and Trust Company is denied.

Done at Frankfort, Kentucky, this 21st day of October, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director